CANADA WEST FOUNDATION

Statement of Financial Position

December 31, 2008, with comparative figures for 2007

	2008	2007
Assets		
Current assets:		
Cash and cash equivalents	$ 73,930	$ 97,965
Accounts receivable	78,538	215,676
	152,468	313,641
Investments (note 5)	6,348,384	7,513,632
Furniture and equipment (note 7)	44,607	54,120
	$ 6,545,459	$ 7,881,393
Liabilities and Net Assets		
Current liabilities:		
Accounts payable and accrued liabilities	$ 91,731	$ 118,041
Deferred contributions (note 8)	45,000	227,587
	136,731	345,628
Net assets:		
Invested in furniture and equipment	44,607	54,120
Restricted for endowment purposes	6,086,482	5,697,858
Internally restricted (note 6)	832,047	832,047
Unrealized gains (losses) on available for sale investments	(826,732)	639,589
Unrestricted	272,324	312,151
	6,408,728	7,535,765
Commitments (note 10)		
	$ 6,545,459	$ 7,881,393

CANADA WEST FOUNDATION

Statement of Revenue and Expenses

Year ended December 31, 2008, with comparative figures for 2007

	2008	2007
Revenue:		
Special projects and donations	$ 2,382,117	$ 1,928,161
Members and subscribers	262,723	269,738
Investment and other income	258,823	370,314
Realized gain on sale of investments	39,664	173,866
Publication sales	6,354	4,452
	2,949,681	2,746,531
Expenses:		
Research programs and special projects	2,525,896	2,267,811
General and administrative	455,703	454,049
Depreciation	17,422	18,602
	2,999,021	2,740,462
Excess (shortfall) of revenue over expenses	$ (49,340)	$ 6,069

See accompanying notes to financial statements.

CANADA WEST FOUNDATION

Notes to Financial Statements

Year ended December 31, 2008

Canada West Foundation (the "Foundation" or "CWF") was formed to engage in research and education in the area of economic, social and public policy.

The Foundation is a not-for-profit organization under Section 149(1) of the Income Tax Act and accordingly is not taxable on the revenues it receives and earns from operations.

1. Significant accounting policies:

(a) Cash and cash equivalents:

The Foundation considers all highly liquid investments that are readily convertible to cash or with an original maturity of three months or less to be cash and cash equivalents. These consist of cash and term deposits.

(b) Furniture and equipment:

The computer equipment, phone system and furniture are recorded at cost. Depreciation is provided on a declining balance basis at an annual rate of 30%.

(c) Revenue recognition:

The Foundation follows the deferral method of accounting for contributions. Deferred contributions are revenues received in the current year that are used for projects in the upcoming years.

Special projects, corporate donations and membership revenues are recognized when payments are made or committed. Donations received in kind are recorded at fair market value, determined at the date the donation is made. Endowment contributions are recognized as a direct increase in net assets.

(d) Investments:

Using the available for sale classification, investments are recorded at fair value at each balance sheet date as established by the closing bid price for trading on the recognized exchange on which the investment is listed or principally traded. Realized interest and dividend income are recognized as they are earned or declared and realized net capital gains or losses are recognized in the statement of revenue and expenses. Unrealized gains or losses are recognized in net assets and are transferred to earnings when the investment is derecognized.

1. Significant accounting policies (continued):

(e) Use of estimates and assumptions:

The preparation of financial statements in conformity with Canadian generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reported period. Areas requiring management estimates relate to the fair value of investments, the collectibility of accounts receivable and the useful life of furniture and equipment. Actual results may differ from these estimates.

(f) Financial instruments:

All financial instruments are initially recognized at fair value on the balance sheet date. The Foundation has classified each financial instrument into the following categories; held for trading financial assets and liabilities, loans or receivables, held to maturity investments, available for sale financial assets and other financial liabilities. Subsequent measurement of the financial instruments is based on their classification. Unrealized gains and losses on held for trading financial instruments are recognized in earnings. Gains and losses on available for sale financial assets are recognized in net assets and transferred to earnings when the asset is derecognized. The other categories of financial instruments are recognized at amortized costs using the effective interest rate method.

The Foundation has classified cash and cash equivalents as held for trading, accounts receivable as loans and receivables, investments as available for sale, and accounts payable and accrued liabilities as other liabilities.

2. Change in accounting policy:

(a) Capital disclosures:

Effective January 1, 2008, the Company adopted the new accounting standard issued by the CICA; Section 1535, Capital Disclosures. This standard requires management to provide information about its capital management policies, specifically: (i) the Company's objectives, policies and processes for managing capital (ii) quantitative data about what the Company regards as capital (iii) whether the Company has complied with any capital requirements and (iv) if it has not complied, the consequences of such non-compliance.

(b) Financial instruments – disclosure and presentation:

Effective January 1, 2008, the Company adopted the new accounting standards issued by the CICA; Section 3862, Financial Instruments – Disclosure, and Section 3863, Financial Instruments – Presentation. These standards require the enhancement of certain disclosures around financial instruments.

The adoption of these standards did not have a material impact on the financial statements.

3. Future accounting pronouncements:

Recent amendments to Section 4400, Financial Statement Presentation by Not-for-Profit Organizations, will modify the requirement with respect to various elements of financial statement presentation. These amendments include:

(i) Reporting certain revenues at their gross amounts in the statement of revenue and expenses.

(ii) When a not-for-profit organization classifies its expenses by function and allocates some of its fundraising and general support costs to another function, disclosing the policy adopted for expenses and amounts allocated from each of these two functions to other functions.

(iii) The elimination of the requirement to treat net assets invested in property and equipment as a separate component of net assets.

The new standard applies to financial statements relating to the fiscal years beginning on or after January 1, 2009. This standard will impact the Foundation's disclosure provided but will not affect the Foundation's results or financial position.

4. Financial instruments:

(a) Fair value of financial assets and financial liabilities:

Financial instruments include cash, term deposits, accounts receivable, and accounts payable and accrued liabilities and approximate their carrying value because of the short term nature of these instruments. Investments are recorded at fair value.

(b) CWF has exposure to the following risks from its use of financial instruments:

(i) Credit risk:

CWF's maximum exposure to credit risk is on cash, term deposits, accounts receivable and the investment in the endowment fund noted above.

Credit risk relates to the possibility that a loss may occur from the failure of another party to perform according to the terms of a contract. Cash consists of cash bank balances; the term deposit represents a short-term investment with a Canadian bank. Credit risk for accounts receivable and the fund investment is the risk that the obligation will fail to be discharged causing CWF to incur a financial loss. Credit risk is minimized by ensuring that term deposits are limited to amounts covered by insurance limits, that credit is only extended to those entities that management believes has the financial capacity to pay obligations due to CWF, and the fund investment are diversified across different classes of assets and are such investments are managed by professional managers.

Management and the Board of Directors of CWF periodically review its investments to ensure that the credit risk assumed is appropriate.

4. Financial instruments (continued):

(b) CWF has exposure to the following risks from its use of financial instruments (continued):

(ii) Liquidity risk:

Liquidity is the risk that CWF will encounter difficulty in raising donations or liquidity investments to meet commitments or protect its assets. Management controls liquidity risk through cash flow projections used to forecast funding requirements for its financial instruments.

(iii) Market risk:

Current and future investments in the endowment fund are subject to market risk due to changes in the value of investments in the fund. Fluctuations in general market interest rates have an impact on investments returns in the term deposits and fixed income investments in the endowment fund. A 1% change in market interest rates would increase or decrease the investment returns by $63,483.

(iv) Interest rate risk:

The Foundation is exposed to interest rate risk relating to the income earned on its interest bearing investments as most of these investments have a fixed interest rate for a specified period of time. A 1% change in interest rates would increase or decrease the interest income earned by $63,483.

5. Investments:

Investments are comprised of the following:

	2008		2007	
	Cost	Market value	Cost	Market value
Common stocks	$ 3,822,617	$ 2,956,141	$ 3,121,073	$ 3,749,757
Government and corporate bonds	3,138,076	3,178,098	3,723,304	3,734,209
Cash	214,145	214,145	29,666	29,666
	$ 7,174,838	$ 6,348,384	$ 6,874,043	$ 7,513,632

6. Net asset balances:

No distribution of endowment capital is permitted. During the year, the Foundation received endowment contributions of $388,624 (2007 - $495,981), which have been recognized as a direct increase to the endowment capital.

The Foundation is allowed to use 5% of the total market value of the endowment as at the previous year end for operating purposes, provided the market value of the endowment is not below the donated capital. For 2008, the restricted market value of the endowment fund was $6,086,482 (2007 - $5,697,858).

7. Furniture and equipment:

	Cost	Accumulated depreciation	2008 Net book value	2007 Net book value
Computer equipment	$ 176,392	$ 145,680	$ 30,712	$ 35,553
Phone system	17,921	15,955	1,966	2,808
Furniture	60,903	48,974	11,929	15,759
	$ 255,216	$ 210,609	$ 44,607	$ 54,120

8. Deferred contributions:

	2008	2007
Balance, beginning of year	$ 227,587	$ 413,722
Contributions received	320,191	574,200
Recognized as revenue	(502,778)	(760,335)
	$ 45,000	$ 227,587

Contributions received are recognized as revenue on special projects when expenditures are incurred.

9. Operating loan:

The Foundation has access to a $200,000 revolving operating facility due on demand and bearing interest at bank's prime rate plus 0.800%. The facility is secured by a general security agreement in all personal property of the Borrower and a floating charge on land owned. As at December 31, 2008 and 2007 no funds have been drawn on this facility.

10. Commitments:

The Foundation has entered into certain operating lease commitments for office space and equipment with future payments as follows:

2009	$ 200,128
2010	202,032
2011	197,814
2012	137,019
2013 and thereafter	9,479